Container Corporation of America Annual Report -- 1933
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CONTAINER CORPORATION OF AMERICA

CHICAGO, ILLINOIS

Annual Report

FISCAL YEAR ENDING
DECEMBER 31, 1933

CONTAINER CORPORATION
OF AMERICA
CHICAGO, ILLINOIS

Annual Report
FISCAL YEAR ENDING
DECEMBER 31, 1933

March 5, 1934

CONTAINER CORPORATION OF AMERICA

CHICAGO, ILLINOIS

General Offices

111 W. WASHINGTON ST., CHICAGO, ILLINOIS

Location of Plants

Mills

CHICAGO, ILL. (TWO)
CARTHAGE, IND.
KOKOMO, IND.
CINCINNATI, OHIO
CIRCLEVILLE, OHIO
PHILADELPHIA, PA.
WABASH, IND. (leased)

Factories

CHICAGO, ILL. (TWO)
ANDERSON, IND (TWO)
CINCINNATI, OHIO
NATICK, MASS.
PHILADELPHIA, PA.

Subsidiaries

MID-WEST BOX COMPANY
SEFTON CONTAINER CORPORATION
DIXON BOARD MILLS, INC.
CHICAGO MILL PAPER STOCK COMPANY
PIONEER PAPER STOCK COMPANY

Branch and Sales Offices

CLEVELAND, OHIO
INDIANAPOLIS, INDIANA
MINNEAPOLIS, MINNESOTA
NEW YORK, NEW YORK
PITTSBURGH, PENNSYLVANIA
ST. LOUIS, MISSOURI

CONTAINER CORPORATION OF AMERICA

CHICAGO, ILLINOIS

Directors

SEWELL L. AVERY, *Chicago, Ill.*
WILLIAM R. BASSET, *New York, N. Y.*
HENRY B. CLARK, *Chicago, Ill.*
WESLEY M. DIXON, *Chicago, Ill.*
GEORGE DEB. GREENE, *New York, N. Y.*
WILLIAM P. JEFFERY, *New York, N. Y.*
WILLIAM E. LEVIS, *Toledo, Ohio*
WALTER P. PAEPCKE, *Chicago, Ill.*
H. G. PHILLIPS, *Toledo, Ohio*
A. M. REED, *Toledo, Ohio*
STANLEY A. RUSSELL, *New York, N.Y.*

Executive Committee

SEWELL L. AVERY
WALTER P. PAEPCKE
WILLIAM P. JEFFERY
STANLEY A. RUSSELL
WILLIAM E. LEVIS

Officers

President, WALTER P. PAEPCKE
Vice President, J. J. BROSSARD
Vice President, WESLEY M. DIXON
Secretary, E. A. WAGONSELLER
Treasurer, H. C. BAUMGARTNER
Comptroller, A. J. BAUMGARDT
Assistant Treasurer, HUGH K. CRAWFORD
Assistant Secretary, CHRIST MADSEN

Transfer Agents

THE FIRST NATIONAL BANK OF CHICAGO, *Chicago, Ill.*
CITY BANK FARMERS TRUST COMPANY, *New York, N. Y.*

Registrars

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST CO., *Chicago, Ill.*
THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK, *New York, N. Y.*

CONTAINER CORPORATION
OF AMERICA
CHICAGO, ILLINOIS

Chicago, Illinois, March 5, 1934.

TO THE STOCKHOLDERS OF
CONTAINER CORPORATION OF AMERICA:

We are herewith submitting the Annual Report of Container Corporation of America for the year ended December 31, 1933. The Auditor's Certificate, Consolidated Balance Sheet as of December 31, 1933, and Summary of Consolidated Profit and Loss and Surplus Account for the year ended December 31, 1933, are made a part of this report. The appended comments are again in considerable detail and are intended to cover the important phases of your Company's present condition and its history during the past calendar and fiscal year.

FINANCIAL REVIEW

PROFIT AND LOSS. Earnings of the Corporation and its subsidiaries for the year ended December 31, 1933 were $140,921 compared with a net loss of $1,380,363 for the previous year. These results are after provision for depreciation, interest charges and amortization of discount and expense on bonds and debentures, reserves for doubtful and uncollectable accounts, and revaluation of inventory to the lower of cost or market. Profit realized on the purchase of the Company's own bonds and debentures at a discount in anticipation of sinking fund requirements is not included in income but credited direct to surplus. Depreciation rates have not been lowered during the depression years and depreciation has been charged against both operating and non-operating plants. The total dollar amount of depreciation taken in 1933 is slightly less than in previous years due to elimination of depreciation on properties sold. A comparative summary of results of operations for the years 1931, 1932 and 1933 is set forth in the following tabulation:

	Year Ended December 31		
	1931	1932	1933
Consolidated net sales (including brokerage sales of subsidiary)	$15,742,264	$11,457,966	$15,419,759
Cost of sales (exclusive of depreciation)	13,606,085	10,292,552	12,819,457
Gross profit (exclusive of depreciation)	$ 2,136,179	$ 1,165,414	$ 2,600,302
Selling, adminstrative and general expenses (exclusive of depreciation)	1,652,371	1,234,391	1,197,018
Profit or *loss* from operations (exclusive of depreciation)	$ 483,808	$ *68,977*	$ 1,403,284
Miscellaneous income	18,810	30,966	40,497
	$ 502,618	$ *38,011*	$ 1,443,781
Interest charges	528,607	485,639	462,853
Profit or *loss* before adding non-cash items	$ *25,989*	$ *523,650*	$ 980,928
Charges not involving cash:			
Provision for depreciation	$ 830,168	$ 806,467	$ 791,007
Amortization of bond discount	52,279	50,246	49,000
	$ 882,447	$ 856,713	$ 840,007
Net profit or *loss*	$ *908,436*	$ *1,380,363*	$ 140,921

Note—Loss shown in italics

The small profit earned during the year represents an improvement of $1,521,284 as against 1932 and $1.049,357 as against 1931. Sales volume increased 35% in dollars and 14% in units compared to 1932. It is perhaps worthy of mention that net results were about one million dollars better in 1933 than in 1931 in spite of slightly lower sales volume. The improvement is largely due to substantially lower costs (note reduction of selling and administrative experse) and to better selling prices in the second half of 1933. Selling prices began to rise substantially during the second quarter of 1933 and continued on higher levels throughout the year. This fact accounts for the greater increase in dollar than in unit sales.

Raw material, manufacturing supplies, and labor costs increased sharply and, in most cases, more abruptly than sales

prices could be advanced, especially those price commitments which were governed by contract.

The Paperboard Industry operated at 62% of full capacity in 1933, compared with 56% of full capacity in 1932, 63% in 1931, 65% in 1930 and 78% in 1929. Your Corporation operated at 60% of its capacity during 1933, although as a matter of operating efficiency some paperboard machines were completely idle at various times during the year to permit others to run as nearly full as possible.

WORKING CAPITAL. Perhaps the outstanding result of the year was that while outstanding funded indebtedness and preferred stock were reduced by $683,900 par value, working capital was increased $441,576. Of course, earned depreciation supplied $791,007 of funds. It must also be remembered that it required only $295,537 to acquire $683,900 of par value of bonds, debentures and preferred stock. At the close of the year the ratio of current assets to current liabilities was 3.18 to 1 as against 4.87 to 1 at the end of 1932.

The increased volume of business done on higher price levels accounted for the substantial increase in accounts receivable, inventories, and accounts payable. Cash was decreased in financing the higher receivables and inventories; in September 1933 cash had reached its lowest point, but then showed some pick-up towards the end of the year when business was less active, thereby permitting the conversion of some receivables into cash. Provision for bad and doubtful accounts has been made which is believed sufficient to reasonably take care of any probable losses. Accounts receivable have been turning over about every thirty-one days. Credit losses continued very low, in fact about one-half of one percent of the total business done in 1933.

The number of units in the inventory is not much greater than a year ago with the exception of pulp of which an extraordinarily large quantity at favorable prices has been stocked; the higher dollar value of the inventories is largely responsible for the considerable increase in the total inventory figure. There was on December 31 a substantial profit in inventory (and even more so at this writing), because

year-end market prices were, in many cases, higher than prices used in valuing inventories at the close of the year. Inventories, both raw, semi-finished and finished are in good condition and are free of old items.

Working Capital comparisons as of December 31, 1933 and December 31, 1932 are presented as follows:

CURRENT ASSETS:	1932	1933	Increase or Decrease (d)
Cash on hand and in banks	$1,027,685	$ 439,616	$ 588,069 (d)
Tax anticipation warrants at cost plus accrued interest	33,397	12,881	20,516 (d)
Customers notes and accounts receivable less reserves	712,496	1,125,402	412,906
Miscellaneous receivables	59,079	23,630	35,449 (d)
Inventories	1,257,032	2,622,308	1,365,276
Total Current Assets	$3,089,689	$4,223,837	$1,134,148

CURRENT LIABILITIES:	1932	1933	Increase or Decrease (d)
Accounts payable	$ 340,754	$ 924,282	$ 583,528
Accrued interest	30,156	28,529	1,627 (d)
Accrued wages	8,734	42,970	34,236
Reserve for taxes	225,399	245,349	19,950
Sundry reserves	15,610	10,945	4,665 (d)
Machinery contract payable in 1934	......	61,150	61,150
Current maturities of Dixon Board Mills, Inc., 6% bonds	14,000	14,000	......
Total Current Liabilities	$ 634,653	$1,327,225	$ 692,572
Net Working Capital	$2,455,036	$2,896,612	$ 441,576
Current Ratio	4.87 to 1	3.18 to 1	

A statement showing sources of funds and disposition thereof is shown below:

Funds provided from the following sources:		
Profit for year	$140,921	
Add expense items not involving cash—		
Provision for depreciation	791,007	
Amortization of bond discount and expense	49,000	
		$ 980,928
Proceeds from sale of properties		306,899
		$1,287.827
Were expended or accounted for as follows:		
Net increase in working capital		$ 441,576
Purchase of Company's own bonds and debentures (par value $427,000 of which $50,000 were accepted at par value in part payment of properties sold at more than book value)		236,112
Acquisition of Company's preferred stock (par value $256,900) accepted below par in part payment of merchandise sold		59,425
Increase in deferred charges (other than bond discount and expense)		87,094
Increase in other notes and accounts receivable (Largely due to notes accepted in part payment of Cleveland plant)		154,603
Additions to plant and equipment	$247,867	
Add machinery purchased on contract	61,150	
		309,017
		$1,287,827

FUNDED OBLIGATIONS. The Corporation's funded indebtedness was decreased by $427,000 during the year. All interest payments were made when due and sinking fund requirements were met in accordance with provisions of the trust indentures. At the year-end, the Company had in its possession sufficient first mortgage bonds and debentures to provide for sinking fund requirements for one year in the case of the first mortgage bonds and in excess of two years in the case of the debentures. Reduction in funded indebtedness is set forth in the following schedule of the Corporation's outstanding indebtedness less current maturities:

	In hands of public Dec. 31, 1932	Dec. 31, 1933	Decrease
1st Mortgage Sinking Fund 6% bonds due 6-15-46	$3,732,500	$3,615,500	$117,000
Fifteen Year 5% Debentures due 6-1-43	4,695,000	4,436,000	259,000
Dixon Board Mills, Inc., 1st Mortgage 6% bonds (due up to 1942)	238,500	187,500	51,000
	$8,666,000	$8,239,000	$427,000

CAPITALIZATION. In addition to the retirement of funded indebtedness, there was also retired $256,900 of par value of preferred stock. The Corporation accepted from one of its largest customers 2,569 shares of its own stock, at well below its par value, as part payment for merchandise sold, in accordance with a contract made with the customer. These shares were retired at the end of the year.

The following is a summary of the various issues of the capital stock of the Corporation:

Class of Stock	Shares Authorized	Shares Issued	Outstanding 12/31/32 Shares	Outstanding 12/31/32 Amount	Outstanding 12/31/33 Shares	Outstanding 12/31/33 Amount
PREFERRED—						
7% CUMULATIVE	150,000					
Original Series (Par Value $100)		18,000	18,000	$1,800,000	15,431	$1,543,100
Second Series (Par Value $100)		3,200	322	32,200	322	32,200
COMMON						
Class A (Par Value $20)	2,000,000	373,555	373,555	7,471,100	878,555	7,471,100
Class B (No Par Value)	1,200,000	582.389	582,389	2,390,945	582,389	2,890,945
IN TREASURY						
Preferred 2nd Series (deducted above)			2,878	287,800	2,878	287,800
Common—Class A			5,625	70,500	5,625	70,500
Common—Class B			14,637	23,250	14,637	23,250

The shares of Second Series Preferred Stock, as well as Class A and B Common Stock carried in the treasury are the same as were in the treasury a year ago.

ADJUSTMENTS TO SURPLUS. Aside from the change of surplus effected by the net profit for the year, the following credits and debits were made directly to surplus account:

Profit realized on Company's bonds and debentures purchased below par less adjustment of bond discount and expense amortization		$183,803
Profit realized on preferred stock acquired below par		197,475
Profit on property scrapped or sold, etc.		
Profit on sale of Cleveland plant	$ 33,830	
Adjustment of depreciation charged in prior years	13,532	
	$ 47,362	
Less loss realized by write-off of book value of boiler equipment at Cincinnati plant replaced by new installation	42,533	4,829
		$386,107
Less:		
Loss realized by write-down of book values to salvage values:		
Kokomo plant	$223,581	
No. 3 machine at Philadelphia plant........	98,542	322,123
Net addition to surplus (exclusive of earnings)		$ 63,984

OPERATIONS

The box factory at Cleveland, Ohio, was sold on July 1. 1933. Payment for real estate, buildings, machinery and equipment was made in cash, bonds and debentures of this Corporation, and purchase money mortgage notes due up to 1936. A paperboard sales contract was made with the purchaser whereby your Corporation continues to supply the new owner with his requirements of jute linerboard and strawboard.

The three-machine paperboard mill with clay coating equipment of the United Paperboard Company at Wabash, Indiana, was leased as of June 26, 1933, with option to purchase. This lease is subject to cancellation by your Company. During the six months period of operating this property, a gross profit was returned, after charging off the monthly rental expense.

During the year, one of the previously idle machines at Carthage, Indiana, and also one at Philadelphia, were put into running condition and operated for the first time in some years.

A second new boiler was installed at the Cincinnati plant to replace two old boilers which were both inefficient and expensive to operate. This operation now has completely new boilers which are operating very satisfactorily. A settling system was also installed at this plant during the year.

Your Company's equipment was adequately maintained with more than $700,000 expended for this purpose. This amount was entirely charged to operating costs; in addition thereto $309,017 were disbursed for new capital expenditures and added to the plant investment account.

Your Corporation signed the President's Re-Employment Agreement on August 1, 1933 and put increased wage rates into effect retroactively as of July 16, 1933. Working hours were shortened. As a result of these shorter hours and increased business activity, 1,834 additional men were given employment. The wages of the additional men employed, together with the increase in wage rates of the other employees, brought about an increase of payroll disbursements of $157,320.99 in the month of September, 1933, compared with September, 1932, or at an annual rate of more than $1,800,000.

SALES

Consolidated net sales showed an increase as before mentioned of $3,961,793 over the previous year. With a better sales volume prevailing throughout the industry, sounder sales policies were followed by members of the industry. The deplorable habit of trying to obtain volume at almost any price gradually changed into a definite policy to secure only profitable business; for a satisfactory volume had already developed due to better general business conditions. Old contracts taken at prices which did not cover full costs became even worse because of rising raw material, operating supplies and labor costs and, as they expired, sharp advances had to be secured. However, even with these substantial increases, selling prices had only reached 87% of 1926 and 79% of 1922.

New uses for paperboard products were again found in many new fields. In addition thereto, the advent of beer and, particularly, the repeal of the 18th Amendment brought a new large consumptive demand for containers and folding boxes. As a result, your Corporation's list of new customers grew quite impressively.

SUBSIDIARIES

The two operating subsidiaries, namely the Pioneer Paper Stock Company and the Chicago Mill Paper Stock Company, operated at a profit in 1933. These companies are engaged in the brokerage of all grades of paper stock and, particularly,

in the general paper stock business of purchasing, sorting and selling waste paper, a part of which supplies some of the requirements of your Corporation. The Pioneer Paper Stock Company in the fall of 1932 had added a new line, namely the production and sale of shredded paper, which is being extensively used for the packing of breakable and fragile commodities. The year 1933, the first full year of operation of this new department, resulted in a satisfactory profit.

EARNINGS AND DIVIDEND OUTLOOK

Earnings for January and February 1934 indicate that it is probable that the earnings for the first quarter of 1934 will be sufficient to cover the interest, preferred dividend and a good part of the common dividend requirements for the quarter. However, there should not be any expectation of early dividend disbursements. Before serious consideration could be given to that subject, (1) earned surplus will have to be rebuilt; (2) some needed capital expenditures which were put off during the depression should be considered; and (3) arrears of preferred dividends which amount to $330,813 must first be paid. While the immediate outlook is reasonably favorable, many uncertainties in the general business situation still exist.

ORGANIZATION

As of July 16, 1933, a general increase of 10% in compensation was made in the salaries of all employees.

Administrative and selling expenses increased approximately 20% per month, compared with the earlier months of the year, but for the full year of 1933, these expenses showed a decrease of $37,373 or 3% compared with 1932.

The members of the organization, as well as the factory employees of your Corporation, have worked efficiently and conscientiously and are deserving of praise for the large part they contributed towards the very much better results.

Respectfully submitted on behalf of the Officers and the Board of Directors.

WALTER P. PAEPCKE, *President.*

Auditors' Certificate

ARTHUR ANDERSEN & CO.
ACCOUNTANTS AND AUDITORS
ONE LASALLE STREET BUILDING
CHICAGO

TO THE BOARD OF DIRECTORS,
CONTAINER CORPORATION OF AMERICA:

We have made an examination of the consolidated balance sheet of CONTAINER CORPORATION OF AMERICA AND SUBSIDIARY COMPANIES as at December 31, 1933, and of the statement of consolidated profit and loss and surplus for the year ended that date. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence and obtained information and explanations from officers and employees of the companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying consolidated balance sheet and related statement of profit and loss and surplus fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, the financial position of the companies at December 31, 1933, and the results of their operations for the year ended that date.

ARTHUR ANDERSEN & CO.

Chicago, Illinois,
February 20, 1934.

CONTAINER CORP
AND SUBSIDI
Consolidated Bala

ASSETS

CURRENT ASSETS:			
Cash on hand and in banks ....$		439,616.17	
Tax-anticipation warrants at cost plus accrued interest		12,880.93	
Customers' notes and accounts receivable, less reserves		1,125,401.86	
Miscellaneous receivables		23,630.11	
Inventories certified by the management as to quantities and condition, priced at the lower of cost or market		2,622,807.81	
Total current assets			$ 4,223,836.88
OTHER NOTES AND ACCOUNTS RECEIVABLE.....			195,079.27
PLANT AND EQUIPMENT (at values recorded at dates of acquisition based in part on appraisals, plus additions since at cost):			
Land ....$		3,219,639.58	
Buildings including leasehold improvements ....$	7,420,854.65		
Machinery and equipment......	11,262,794.23		
Furniture and fixtures	50,211.65		
	$18,733,860.53		
Less—Reserve for depreciation.	5,084,545.14	13,649,315.39	
Machinery purchased on contract...........		61,150.00	16,930,104.97
DEFERRED CHARGES TO FUTURE OPERATIONS:			
Unamortized debt discount and expenses........$		405,397.85	
Deferred maintenance charges		72,921.19	
Prepaid insurance		144,598.01	
			622,916.55
GOODWILL AND PATENTS.......................			1.00
			$21,971,938.67

*Entire capital stock, except directors' qualifying shares, of Chicago Mill Paper Stock Company, a subsidiary, pledged with Trustee for first-mortgage bonds.

**There are outstanding certain stock-purchase warrants covering options expiring June 1, 1935, on shares of Class A stock at $42.50 per share.

NOTE: Merchandise in transit ($35,437.15) has not been included in the inventori[es] or in the liabilities.

LIABILITIES

Current Liabilities:			
Accounts payable		$ 924,281.66	
Interest, wages, taxes, etc., accrued		327,793.60	
Machinery contracts payable in 1934............		61,150.00	
Current maturity of Dixon Board Mills, Inc., 6% bonds (less $6,000.00 held in treasury)........		14,000.00	
Total current liabilities			$ 1,327,225.26
Funded Debt (less current maturity shown above, and bonds held in anticipation of sinking-fund requirements):			
Container Corporation of America—			
*First-mortgage sinking-fund 6% bonds due June 15, 1946 ($125,000.00 in treasury)......		$ 3,615,500.00	
Fifteen-year 5% debentures due June 1, 1943 ($464,000.00 in treasury)		4,436,000.00	
Dixon Board Mills, Inc.—			
First-mortgage 6% gold bonds, due serially to December 1, 1942 ($52,500.00 in treasury)...		187,500.00	8,239,000.00
Reserve for Contingencies.................			86,122.71
Contingent Liabilities Reported:			
Federal incomes taxes in dispute, partly covered by reserve for contingencies.	$183,976.36		
Capital Stock and Surplus:			
Capital Stock—			
Preferred—authorized 150,000 shares—			
Original series—7% cumulative (sinking fund) —issued 25,000 shares, retired 9,569 shares, outstanding 15,431 shares		$ 1,543,100.00	
Second series—7% cumulative—issued 3,200 shares, in treasury 2,878 shares, outstanding 322 shares		32,200.00	
Cumulative-preferred dividends on both series accrued and unpaid since January 1, 1931, amounted to	$330,818.00		
Common—			
**Class A—authorized 2,000,000 shares—par value $20—issued 373,555 shares		7,471,100.00	
Class B—authorized 1,200,000 shares—no-par value—issued 582,889 shares		2,890,945.00	
Total capital stock		$11,937,345.00	
Capital surplus less deficit (page 16)............		475,995.00	
		$12,413,340.70	
Less—Treasury stock at cost (5,625 shares of Class A and 14,637 shares of Class B)...............		93,750.00	12,319,590.70
			$21,971,938.67

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Container Corporation of America
AND SUBSIDIARY COMPANIES

Summary of Consolidated Profit and Loss and Surplus Accounts for the Year Ended December 31, 1933

PROFIT-AND-LOSS ACCOUNT

NET PROFIT from sales after deducting cost of sales including raw materials, labor and overhead and selling and administrative expenses (exclusive of depreciation)		$1,403,284.58
DEDUCT—Provision for depreciation		791.007.22
Net profit from operations		$ 612,277.36
MISCELLANEOUS INCOME (net)		44,742.62
		$ 657,019.98
INTEREST CHARGES:		
Interest on funded debt	$467,098.44	
Amortization of debt discount and expense	49,000.32	516,098.76
Net profit for the year carried to surplus		$ 140.921.22

(No provision has been made for Federal income taxes as the items shown below as surplus charges are claimed as deduction in the consolidated income-tax return)

SURPLUS ACCOUNTS

CAPITAL SURPLUS:		
Balance at December 31, 1932		$1,460,810.83
Add—Discount on 2,569 shares of preferred stock retired		197,474.58
Balance at December 31, 1933		$1,658,285.41
EARNED SURPLUS (DEFICIT):		
Balance at December 31, 1932 (deficit)	$1,189,720.18	
Add—Special provision for obsolescence of plant and equipment	322.123.34	
	$1,511.843.52	
Deduct:		
Profit on property scrapped or sold, etc. (net)	$ 4,829.40	
Discount on bonds and debentures purchased in anticipation of sinking-fund requirements	183,803.19	
Net profit for the year 1933, as above	140,921.22	
	$ 329.553.81	
Balance at December 31, 1933 (deficit)		1.182,289.71
Net surplus balance at December 31, 1933		$ 475.995.70

Montgomery Ward

Sixty-Second Annual Report
Twelve Months Ended
January 31
1934

MONTGOMERY WARD & CO.,

INCORPORATED

Sixty-second Annual Report

Twelve Months Ended January 31, 1934

Chicago, March 17, 1934

To The Stockholders of
Montgomery Ward & Co.:

The operations of your Company for the twelve months ended January 31, 1934 resulted in a net profit of $2,227,957 as compared with a net loss of $5,686,784 for the previous thirteen-month period covered in last year's report. Net sales for the year were $187,632,543 as compared with $165,943,211 for the preceding corresponding twelve months, an increase of 13%.

Comparative net operating profits by divisions for the past two periods were as follows:

	12 Mos. Ended Jan. 31, 1934	*13 Mos. Ended* Jan. 31, 1933*
Retail	$2,857,587	$2,898,722
Mail order	207,567	3,211,985
Factories and other operating divisions	266,706	321,017
Branches in process of liquidation and miscellaneous	255,927	191,136
Total net operating profits	$2,660,799	$5,598,554
Add—Net financial income	95,114	88,230
	$2,755,913	$5,686,784
Deduct—Special charge	527,956	
Net profits	$2,227,957	$5,686,784

*The Company changed its business year during 1932 to end January 31.

Two years have now passed since the present management undertook late in 1931 to reorganize your Company and to rehabilitate its business

with a view to restoring its earning power and thus enable it to pay dividends to its stockholders.

No one who has not been intimately and actively connected with the affairs of the Company during the last few years can have any adequate or accurate conception of the conditions confronting us or the steps that were imperatively necessary to accomplish these purposes. A few years earlier the character of the business had materially changed with the advent of the Company into the retail store field on a large scale. The organization had not yet adapted itself to this fundamental change when the depression came and thus multiplied the difficulties of coordinating the retail and mail order business.

In November 1931 your President was invited to cooperate with the directors and the management then in charge, and he desires to state here that he has had, from the beginning, the fullest support of both the Board of Directors as a whole and of the former president, who has continued as a director. Without the unreserved cooperation and the helpful advice of both, the progress made to date could not have been achieved, for an institution such as this requires the wide experience and sound judgment of men who are active in large outside business affairs.

Now that the Company is again in its forward stride, it will be of interest to the stockholders to know what progress has been made in many important phases of the business, other than those ordinarily discussed in our annual report.

From Losses to Profits

Conditions at the end of 1931 were briefly as follows:

The depression had reached perhaps its most acute stage.

Sales had fallen off 20 per cent from the preceding year and 25 per cent from the year before that.

The Company had sustained heavy losses.

Dividends on the common stock had not been paid since August 15, 1930.

Dividends on the "A" stock which had been paid out of surplus since July, 1930, were suspended early in 1932.

The prospect was far from promising.

Compare this with conditions today as recorded in the accompanying financial statements covering the year just ended:

In less than two years your Company has emerged from losses to profits.

It has made a profit for the first time since 1930 and is now on an increasingly profitable basis.

With generally better business conditions, its earning power is steadily and substantially improving.

It has resumed dividends on the "A" stock.

Its sales during the last twelve months were 13 per cent more than they were in the preceding twelve months. Since the middle of the year, month-by-month sales and profits are continuing well ahead of the corresponding months of the previous year.

During the last six months, the retail stores showed the largest profit for a like period since 1928, and every one of the nine mail order houses showed a profit for the first time since 1929.

Other Fundamental Improvements

This financial progress, substantial though it is, nevertheless does not portray to the fullest extent the fundamental improvement that has been made in many other factors of underlying importance to the continuing success of the business but which are not immediately reflected in a balance sheet or an income account.

Improvement in the organization itself in personnel and morale and the development of an executive staff with experience and ability to cope

with new conditions that require the coordination of the mail order and retail store business.

Improvement in merchandising and manufacturing, in the quality, style, packaging, display, advertising and selling of the Company's products in keeping with the demands for service of today's customers, both mail order and retail.

Improvement in operations, involving an extensive and very necessary program of relocating, remodeling and re-equipping our retail stores and mail order houses throughout the country to insure their profitable operation.

Improvement in financial control to insure the utmost economy in all departments of a Company that is more widespread in plant and service than ever before.

Improvement in the Company's relations with manufacturers and suppliers of merchandise so that the Company may always have at its service the best in quality and price obtainable anywhere.

Coordinating Mail Order and Retail Business

One of the major problems faced by the present management was to determine whether a chain store and a mail order business could be run successfully by one company under one management. The Company was already operating in both fields and the question of whether to go on or retire from the retail store field was an important one from the standpoint of the stockholders.

Before undertaking any changes in policies or organization a thorough and exhaustive study was made with the assistance of the most competent advice that could be obtained, inside and outside the business, and with reference to all branches of it.

The conclusion was reached that under experienced executives and with effective coordination of effort, the retail store and mail order business

could not only be made complementary but also separately profitable and jointly beneficial to the expansion of the Company's business as a whole. Last year's operations indicate not only that this conclusion was sound but also that the policies and practices adopted in accordance with the conclusion are already producing increasingly satisfactory results.

The operation of both the retail and mail order divisions of the business and their proper coordination presented, however, major fundamental problems making necessary extensive reorganization of both personnel and methods and a widespread rehabilitation of plants and equipment.

Experienced Executive Organization

What was regarded as the most essential task undertaken by your present management was the development of an experienced, able, young and enthusiastic organization of executives, capable of meeting successfully the new requirements of a business which had suddenly and almost completely changed a few years prior to the time your present management assumed responsibility. It was recognized that the need was for experience in the active executive management handling the day-to-day affairs of the Company under the general supervision of the President and Board of Directors.

To meet this need, the Company's existing personnel and the whole field of business in all promising lines of activity were combed thoroughly and systematically to find men of the experience and ability, the initiative and courage required to handle successfully a problem which the Company had never had to meet before. Many of the most capable executives in the present management were found in the Company's own ranks. Others were invited to come in from the outside where their previous responsibility and training had peculiarly fitted them for this work.

This process has been practically completed. There is no branch of the business today which is not in the hands of men of outstanding experience, whose leadership and training have developed an unusual esprit de corps

and aggressiveness throughout the entire personnel. This today constitutes one of the Company's most valuable assets.

Better Merchandising Methods

No less an advance has been made in merchandising. In this branch of the business the complementary character of the mail order and retail trade, as they are now organized and operated, has become especially marked.

The demand today is for style and attractiveness of presentation as well as for quality, economy, and intelligent, efficient service. In this respect the business has undergone a revolutionary change. The influence of retail store technique with its requirement for attractive packaging and display has led to an entirely new character of merchandising for both mail order and retail trade and for rural as well as urban customers. Your Company's products are becoming notably outstanding not only in pricing but also in styling, packaging, display and advertising, and in the quality of their manufacture and workmanship.

Early in the year 1933, your Company recognized the probability of upward trends in commodity prices and operated extensively in all markets in order to meet the merchandise requirements of the business. The Company's efforts were successful to a marked degree. In spite of unprecedented economic developments, and consequently rapidly rising commodity prices, the Company was able to protect catalog prices on all except a few items. The Company holds large contracts for future delivery of merchandise, at advantageous prices, and has a very comfortable relationship of merchandise inventory and commitments to probable sales requirements.

Better Mail Order Selling

The importance of the mail order branch of your Company could scarcely be more clearly recognized than it is today. Its improvement has been due to two principal factors; the quality, price and attractiveness

of the merchandise itself and the fact that a notable improvement and modernization of the Company's mail order catalogs has been effected.

Today's catalog represents a marked advance in mail order selling. Its effectiveness may be partially gauged by three significant facts: first, the mail order business itself, since the middle of the year, is again on a profitable basis; second, the number of mail orders for October, November, December and January was greater than for the corresponding period at any time in the Company's history; third, the general catalog for the fall season just closed produced business at the lowest expense for any catalog since 1925.

Mail Order Operations Improved

The mail order supervisory personnel has been almost completely reorganized by the appointment of a mail order operating manager and by changes in 31 out of 41 major positions in the mail order houses. With two exceptions all of these changes were made from within the Company. The length of service in the Ward mail order organization of the present supervisory merchandising and operating personnel is as follows:

Mail order operating manager . . .	13 years
House managers	6 to 20 years
House superintendents of merchandise .	6 to 27 years
House superintendents of operation . .	9 to 21 years

Those methods and policies which made the mail order business of the Company successful over a long period of years have been maintained with only such changes as have been necessary to meet current conditions.

The mail order plants and equipment have been substantially improved. During the year liberal expenditures have been made in excess of normal maintenance requirements to protect the Company's property and to put the plants and equipment into condition for more effective operation. The houses and equipment are today in better physical condition than at any time in many years.

Increased Mail Order Sales and Profits

One of the Company's most important problems is a proper classification of its 7,000,000 mail order customers coupled with market surveys to indicate when and where its customers can be increased. A great deal of progress has been made in this direction. Over 1,500,000 new customers have sent in orders during the past year.

During the last six months of the year the mail order business was 51% more than it was in the corresponding six months of the preceding year. For the full year it was 24% greater.

Mail order profits in the last six months represented 4.29% of sales as compared with a loss of 4.21% in the corresponding period of the year before.

All nine mail order houses, with respect to sales volume, merchandising, and operating problems, are now functioning on a satisfactory basis. With the further improvements now in progress, it is our belief that the mail order business is in a position to make a good profit showing. As previously stated, for the first time since 1929 every one of the Company's nine mail order houses operated at a profit during the last six months.

Better Organization of Retail Stores

It became apparent to your present management that a substantial program of improvement in retail store operations was necessary to place this business on a consistently and country-wide profitable basis.

The Company had undertaken a few years earlier to open six hundred retail stores throughout the country. This meant embarking on a new business, which even in prosperous times would have imposed upon the former management an enormous problem of locating, equipping, stocking, manning, operating and supervising these stores. The depression had come in the midst of this expansion program and increased the difficulties to a very large extent.

The retail stores of the Company required more economical supervision, and methods better adapted to chain stores. A new retail operating manager was appointed, regional office staffs were reorganized and the regional organizations simplified. At the close of the year, all regions were in charge of experienced retail managers. New managers were appointed for 146 stores, and in all except 18, the new appointments were promotions made from within the Company.

Improved Store Location, Equipment and Leases

Many of the Company's stores were unfavorably located, poorly equipped, arranged and lighted, and required betterment of plant and equipment. For the type of location, many of the rentals were high. The policy of the management has been to close stores if these unfavorable conditions were so marked as to defy economic correction. A total of 106 stores have been closed, with all rental obligations paid or provided for. Complete surveys indicate that with very few exceptions, it will not be necessary or advisable to close additional stores.

Fortunately, nearly half of all the store leases expired in 1933 or will expire in 1934. Since May 1932, extensions of existing leases have been obtained in 254 cities with an annual reduction in rental of $538,000. In addition, leases have been secured for changed locations in 44 cities.

In consultation with a prominent architectural firm, we are developing a characteristic building for new Ward stores which will be economical, well adapted for its purpose, a credit to its environment, and of architectural excellence. A new type of counter and merchandise layout to display merchandise more efficiently has been developed. In addition to this, an improved counter arrangement has been devised, which makes possible the use of from 20 to 60 per cent more counters in the same selling space. By these methods much more merchandise is exposed to the public's view than ever before, which has resulted in more efficient selling.

Up to the present time this new type of layout has been or is now being installed in 39 relocated stores and in 72 stores which have been modernized by the installation of new equipment and the rearrangement and redecorating of the entire physical plant. This is a total of 111 of the Company's 489 stores which have already been or are being completely modernized. Of these 111 stores, 70 have been completed. It is the policy of the management to continue to relocate the stores unfavorably situated and to modernize those satisfactorily located as rapidly as plans can be made and the work economically done.

Increase in Retail Store Sales and Profits

It is gratifying to report that the retail stores as a whole are now making a profit for the first time since 1929. All retail stores operated at a profit of 5.64% of sales in the last half of the year as compared with a loss in the corresponding half year of 1932. Retail sales for the two months of January and February, 1934, were greater than for any previous corresponding period.

During the six months ended January 31, 1934, the sales in the relocated stores increased 54.2% over the same period in the previous year and sales in the stores which had been modernized in their present locations increased 21.8%. The increase in sales of all other stores was 5.75%. Profits increase proportionately as the modernization program progresses.

Financial Aspects of the Year's Operations

The statement of operating results of your Company for the year ended January 31, 1934 and the balance sheet at that date are submitted herewith. These financial statements have been audited by Messrs. Arthur Andersen & Co. and are correctly stated on a conservative basis. No appreciation has been included in inventories, all known losses have been charged to operations, and ample reserves have been provided for all contingencies.

As previously noted, the operations for the twelve months ended January 31, 1934 resulted in a net profit of $2,227,957 as compared with a net loss of $5,686,784 for the previous thirteen months' period shown in last year's report. In the year ended January 31, 1933, store closing and relocation costs, totaling $2,174,690, were charged to general reserves. In the year ended January 31, 1934, similar expenses applicable to stores closed in prior years were absorbed in current operations in the amount of $527,956.

This year's results, in addition to the cost of closing and relocation of stores closed in prior years in the amount of $527,956 (as referred to above), have also been charged with maintenance expenses of $600,000 in excess of a normal expenditure for such purposes. This additional maintenance cost is indicative of the general policy of the Management to bring the Company's properties to the highest point of physical condition and efficiency regardless of the immediate effect on profits. Full provision has been made for all charges including $2,966,000 for depreciation and $2,187,000 for local, state and Federal taxes. The year's results are based on physical inventories taken at January 31, 1934, priced at the lower of net cost or market, which is in keeping with our customary conservative basis of valuation. These inventories are in excellent condition, with a comparatively small portion of non-current merchandise which has been included at depreciated prices to facilitate its rapid liquidation.

The retail store division, as already indicated, showed an operating profit of $2,857,587 for the year as compared with a loss of $2,898,722 for the preceding thirteen months. Seventy-five per cent of our retail stores operated at a profit during the past year as compared with 35% during 1932. The past year's retail store profit is the greatest for any corresponding period since 1929.

The improved retail showing this year is the result of increased sales, increased gross profit on sales and reduced operating expenses. This expense reduction was accomplished in the face of higher operating expenses under NRA requirements with their consequent added wage costs. Total

operating expenses were substantially lower in per cent of sales than those of the preceding period.

Our mail order business ended the year with a net loss of $207,567 as compared with a loss of $3,211,985 for the previous thirteen months. Although the years mail order results as a whole are unsatisfactory, they do represent the best showing since 1929. As in the case of the retail stores, operating expenses of the mail order division were lower in per cent of sales than those of the preceding period. However, mail order operations for the last half of the year resulted in a net profit of over $2,000,000—every one of the nine houses contributing to these earnings.

The Company's total operations showed a marked improvement during the last six months of the year, in which period all operating divisions of the business showed a profit. Net sales for the last six months were $109,662,853 as compared with $89,160,549 for the corresponding six months a year ago, an increase of 23%. This is the largest sales increase since 1928. The improvement in earnings has been made possible in part by better general business conditions, but the results are also largely due to heavy purchases in anticipation of rising prices and to the improved merchandising and operating policies which have been put into effect.

The working capital of the Company at the close of the year amounted to $78,475,678, having increased $2,155,708 during the year. The ratio of current assets to current liabilities was nearly 9 to 1. Cash and marketable securities total $25,394,646 at January 31, 1934. Time payment accounts receivable are in unusually good condition and ample reserves are maintained.

During the year, as pointed out above, the Company's policy has been to build up its inventory and merchandise commitment position in order to take the fullest advantage of rising prices. Merchandise commitments outstanding at the end of the year for future deliveries were also much heavier than normal and are at favorable prices. It is estimated that the inventories on hand and commitments are approximately $8,000,000

below current replacement costs. This places the Company in a strong position to maintain its prices on a competitive and attractive basis.

The Company's investment in first mortgage notes, land contracts, and homes held for resale was referred to at length in the October 31, 1933, report to stockholders. Since that date, independent appraisals have been made of a representative cross-section of the properties held, and these appraisals indicate that this entire investment is conservatively valued on the Company's balance sheet. It is believed that, with a reasonable continuance of business improvement, final liquidation of this project will be effected without further loss.

The increase in prepaid expenses over January 31, 1933 represents principally store and mail order house supply inventories which were advisedly built up in advance of increasing price levels.

With results of the year just ended, together with the steady growth in sales and net profits in recent months, it appears that with reasonably normal business conditions, the Company is on the road to greater accomplishments and with its strong financial position, dividends on the common stock will be resumed as soon as earnings justify such payments.

Montgomery Ward & Co. is one of our country's largest enterprises. It has been in existence for 62 years. It is owned by more than 75,000 of our citizens. Some 32,000 men and women are employed in its operations. It originated and established a method of economic distribution which, widened by the addition of stores, is estimated to serve more than 20,000,000 people in all walks of life. This great institution has grown to strength through the sound policies and high principles of its founders. Their standards and ideals remain the inspiration of those upon whom rests the present responsibility for its success.

Respectfully submitted,

S. L. Avery

President

ARTHUR ANDERSEN & CO.

ACCOUNTANTS AND AUDITORS

CHICAGO
NEW YORK
WASHINGTON
DETROIT
MILWAUKEE
KANSAS CITY
LOS ANGELES
SAN FRANCISCO

CABLE ADDRESS
ARTHANDER

REPRESENTATIVES IN EUROPE AND SOUTH AMERICA
MCAULIFFE DAVIS AND HOPE
CHARTERED ACCOUNTANTS
LONDON – PARIS
BARCELONA – MADRID
MCAULIFFE, DAVIS, BELL AND CO.
CHARTERED ACCOUNTANTS
RIO DE JANEIRO – SAO PAULO
SANTOS — PARA
BUENOS AIRES

TELEPHONE
RANDOLPH 8000

ONE LASALLE STREET BUILDING

CHICAGO

To the Board of Directors,

Montgomery Ward & Co., Incorporated:

We have made an examination of the consolidated balance sheet of MONTGOMERY WARD & CO., INCORPORATED, AND SUBSIDIARY COMPANIES as at January 31, 1934, and of the statement of consolidated income and surplus for the year ended that date. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence and obtained information and explanations from officers and employees of the companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying consolidated balance sheet and related statements of income, earned surplus and general reserve accounts correctly present, in accordance with accepted principles of accounting, the financial position of the companies at January 31, 1934, the results of their operations and the changes in surplus and general reserve accounts for the year ended that date.

Chicago, Illinois,
March, 7, 1934.

Arthur Andersen & Co.

Montgomery Ward & Co., Incorporated

COMPARATIVE CONSOLIDATED INCOME ACCOUNT FOR
THE TWO PERIODS ENDED JANUARY 31, 1933 AND 1934

	Twelve Months Ended January 31, 1934	*Thirteen Months Ended January 31, 1933*
Net Sales	$187,632,543.00	$176,488,690.00
Less—		
Cost of goods sold (including inventory write-downs) and all other expenses except depreciation	$182,005,303.43	$178,839,278.27
Depreciation (including amortization of leasehold improvements)	2,966,440.26	3,247,965.37
	$184,971,743.69	$182,087,243.64
Net operating profit or loss	$ 2,660,799.31	$ 5,598,553.64
Add—		
Interest and dividends on securities	610,909.60	769,444.83
	$ 3,271,708.91	$ 4,829,108.81
Deduct —		
Loss on sale of securities and investments (including provision for possible losses)	$ 515,796.18	$ 857,674.94
Cost of closing and relocating of stores closed in prior years	527,955.89	(see note below)
	$ 1,043,752.07	$ 857,674.94
Net profit or loss	$ 2,227,956.84	$ 5,686,783.75

NOTE: During the thirteen months ended January 31, 1933, cost of closing and relocating of stores, $2,174,689.73, was charged to general reserves.

Montgomery Ward & Co., Incorporated

CONSOLIDATED EARNED SURPLUS ACCOUNT FOR THE YEAR ENDED JANUARY 31, 1934

Balance January 31, 1933	$ 8,470,844.23
Add—	
Net profit for year ended January 31, 1934	2,227,956.84
	$10,698,801.07
Deduct—	
Dividends on Class "A" stock, $5.25 per share declared January 16, 1934, payable February 12, 1934	1,058,158.50
Balance January 31, 1934	$ 9,640,642.57

CONSOLIDATED GENERAL RESERVES FOR THE YEAR ENDED JANUARY 31, 1934

Balance January 31, 1933		$ 2,688,576.35
Add—		
Provisions made through charges to income account (net)		111,852.60
		$ 2,800,428.95
Deduct—		
Provision for depreciation on commitments at January 31, 1933, no longer required		173,058.97
Balance January 31, 1934		$ 2,627,369.98
Represented by:		
General reserve unappropriated	$1,885,388.51	
Reserve for self-insurance	741,981.47	
	$2,627,369.98	

RECORD OF ANNUAL NET SALES

1933-4	$187,632,543	1928	$214,350,446
1932-3 (13 Months)	176,488,690	1927	186,683,340
1931	200,400,193	1926	183,800,865
1930	249,097,223	1925	170,592,642
1929	267,325,503	1924	150,045,065

Montgomery Wa

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Consolidated Balan

ASSETS

Current Assets:			
Cash (less treasurer's drafts outstanding)....			$ 11,162,236.08
Marketable securities—at cost—			
United States Government securities.....		$13,361,088.69	
Other Securities.		871,321.77	14,232,410.46
(Market value at January 31, 1934—$14,242,448.57)			
Receivables—less reserves—			
Customers' time-payment (average terms ten months) and charge accounts ...		$14,054,261.63	
Vendors' accounts and claims receivable .		835,307.97	14,889,569.60
Merchandise inventories, certified by management as to quantities and condition, valued at the lower of cost or market....			48,360,675.04
Total current assets................			$ 88,644,891.18
First Mortgage Notes, Investments, Etc. at estimated realizable values:			
Notes and land contracts on homes sold (due in installments)	$ 6,203,976.89		
Homes held for resale ..	6,432,469.95		
	$12,636,446.84		
Less—Reserves.........	2,454,447.86	$10,181,998.98	
Investments, including $105,190.38 U. S. Government bonds deposited under self-insurance..		410,498.51	10,592,497.49
Prepaid Spring Catalogue Costs, Supplies, Insurance, Etc..............			3,603,511.56
Fixed Assets—at book values:			
Land		$ 6,086,037.85	
Buildings...	$30,072,519.06		
Fixtures and equipment.....	20,889,584.12		
	$50,962,103.18		
Less—			
Reserve for depreciation	15,554,261.02	35,407,842.16	
Leasehold improvements—less amortization..		1,335,026.34	42,828,906.35
			$145,669,806.58

Co., Incorporated

ORPORATION)

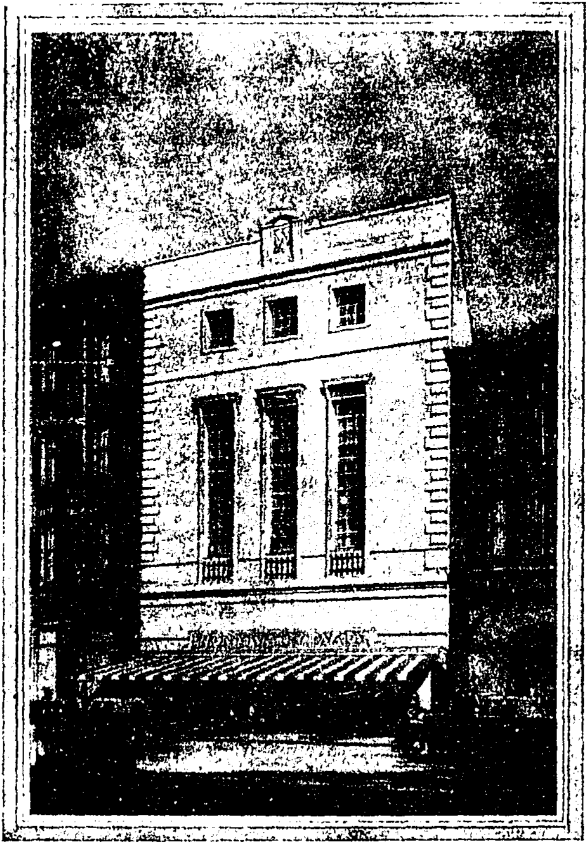
eet—January 31, 1934

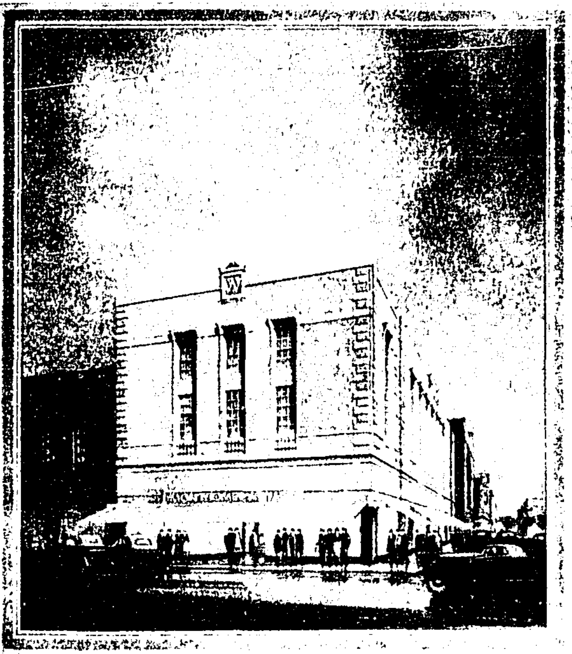
LIABILITIES

Current Liabilities:			
Accounts payable			$ 4,539,868.52
Dividend on Class "A" stock payable February 12, 1934			1,058,158.50
Due customers			1,914,002.16
Accrued taxes and other expenses			2,599,183.41
Current maturities of long term debt			58,000.00
Total current liabilities			$ 10,169,212.59
Long Term Indebtedness—due serially:			
Purchase contract—Chicago Administration Building—and first mortgage bonds (current maturities above)			1,966,000.00
Reserves:			
General reserve unappropriated		$ 1,885,388.51	
Reserve for self-insurance		741,981.47	2,627,369.98
Capital Stock and Surplus:			
Capital stock—			
Authorized—			
Class "A"—$7 per share non-callable cumulative—205,000 shares of no-par value (on liquidation receives $100 per share)			
Common—6,000,000 shares of no-par value			
Issued (stated value)—			
Class "A"—205,000 shares; Common—4,565,004 shares		$123,202,620.08	
Earned surplus		9,640,642.57	
		$132,843,262.65	
Less—Treasury stock—			
Class "A"—3,446 shares	$ 252,676.50		
Common—97,764 shares	1,683,362.14	1,936,038.64	130,907,224.01
			$145,669,806.58

NOTES:

1. Under the Illinois Business Corporation Act of July 1933, the use of surplus to the extent of the above treasury stock is restricted until such stock is sold or cancelled.
2. On March 5, 1934 a dividend of $1.75 per share on outstanding Class "A" stock amounting to $352,719 50 was declared payable April 2, 1934. Dividends in arrears on this stock up to January 31, 1934 before such declaration were $1,528,451.17
3. An option is outstanding on a balance of 98,000 shares of common stock at $11.00 per share, expiring January 1, 1936





APPLETON, WISCONSIN
(Relocated Store)

On the opposite page is our relocated store at
ST JOSEPH, MISSOURI

Both are now under construction

The design of the front of these buildings is the type adopted generally for new Montgomery Ward stores.

Mail Order Houses

CHICAGO • KANSAS CITY • ST. PAUL • BALTIMORE • PORTLAND, ORE.
OAKLAND • FORT WORTH • DENVER • ALBANY

55 Retail Stores

Aberdeen, S Dak
Ada, Oklahoma
Adrian, Michigan
Albany, N Y
Albany, Oregon
Albuquerque, N Mex
Alexandria, La
Alexandria, Va
Alhambra, Calif
Altoona, Pa
Amarillo, Texas
Ames, Iowa
Anderson, Ind
Anaconda, Mont.
Ann Arbor, Mich
Antigo, Wis
Appleton, Wis
Ardmore, Okla
Arkansas City, Kansas
Asbury Park, N J
Asheville, N. C.
Ashland, Ohio
Ashland, Wis
Ashtabula, Ohio
Astoria, Oregon
Auburn, Calif
Aurora, Ill
Austin, Minn
Austin, Texas

Baker, Ore
Bakersfield, Calif.
Baltimore, Md
Barre, Vt.
Bartlesville, Okla.
Batavia, N Y.
Baton Rouge, La
Battle Creek, Mich
Beardstown, Ill.
Beatrice, Neb
Beaumont, Texas
Beaver Falls, Pa.
Beeville, Texas
Bellingham, Wash
Berkeley, Calif
Berwick, Pa
Big Springs, Texas
Billings, Montana
Binghamton, N. Y
Bismarck, N Dak.
Bloomington, Ill
Bluefield, W. Va
Boise, Idaho
Bowling Green, Ohio
Bozeman, Montana
Bradenton, Fla
Brainerd, Minn
Brattleboro, Vt
Bridgeton, N J
Bristol, Tenn
Brockton, Mass.
Brookings, S Dak.
Brownwood, Texas
Bryan, Texas
Burlington, Iowa
Burlington, Vt
Butler, Pa
Butte, Montana

Cadillac, Mich.
Cape Girardeau, Mo
Carlisle, Pa
Casper, Wyo
Cedar Rapids, Iowa
Centralia, Ill.
Centralia, Wash.
Chambersburg, Pa
Chanute, Kans
Chariton, Iowa
Charleston, W Va.
Chester, Pa
Cheyenne, Wyo
Chicago, Ill (3)
Chicago Heights, Ill
Chickasha, Okla
Chico, California
Childress, Texas
Chillicothe, Mo
Claremont, N H
Claremore, Okla
Clarksburg, W Va
Clarksville, Tenn.
Clinton, Ill
Clinton, Iowa
Clovis, New Mex
Coeur D'Alene, Idaho
Columbia, Mo
Columbus, Ind
Columbus, Neb
Columbus, Ohio
Concordia, Kans
Corpus Christi, Texas
Corry, Pa
Corvallis, Oregon
Coshocton, Ohio
Covington, Ky
Crawfordsville, Ind
Cushing, Okla

Danville, Ill
Davenport, Iowa
Decatur, Ill
De Kalb, Ill
Del Rio, Texas
Denver, Colo
Des Moines, Iowa
Devils Lake, N Dak.
Dickinson, N Dak
Dixon, Ill
Dodge City, Kansas
Donora, Pa
Dothan, Ala
Dover, N H
Du Bois, Pa
Dubuque, Ia
Duluth, Minn
Durham, N C

East Liverpool, Ohio
E St Louis, Ill
El Centro, Calif
El Dorado, Kans
Elizabethton, Tenn
Elkhart, Ind
Elkins, W Va
Elmhurst, Ill
Elmira, N Y
Emporia, Kansas
Enid, Oklahoma
Escanaba, Mich
Eugene, Oregon
Eureka, Calif
Evansville, Ind.
Everett, Wash
Excelsior Springs, Mo

Fairbury, Neb
Fairmont, Minn
Falls City, Neb
Faribault, Minn
Fayetteville, Ark
Fayetteville, N C
Fergus Falls, Minn
Fort Collins, Colo
Fort Dodge, Iowa
Fort Worth, Texas
Fostoria, Ohio
Fredericksburg, Va
Freeport, Ill
Freeport, L I, N Y.
Fremont, Neb
Fremont, Ohio
Fresno, Calif
Fulton, New York

Galesburg, Ill
Gallup, New Mex.
Gary, Ind
Gilroy, Calif
Glendale, Calif
Glendive, Mont.
Glens Falls, N Y
Gloversville, N Y.
Goldsboro, N C
Grand Forks, N D.
Grand Island, Neb
Grand Junction, Colo
Great Bend, Kans
Great Falls, Mont
Greeley, Colo
Green Bay, Wis.
Greensboro, N. C
Greenville, Texas

Hagerstown, Md
Hammond, Ind
Hanford, Calif
Hanover, Pa
Harrison, Ark
Hartford City, Ind
Harvey, Ill
Hastings, Neb
Hayward, Calif
Helena, Ark
Helena, Mont
Herkimer, N Y.
Hibbing, Minn
Hickory, N C
Holland, Mich
Hopkinsville, Ky
Horton, Kansas
Huntington, Ind
Huntington, W Va
Huntington Park, Calif
Huntsville, Ala
Huron, S Dak
Hutchinson, Kansas

Idaho Falls, Idaho
Independence, Kansas
Inglewood, Calif
Iowa City, Iowa

Jackson, Mich
Jackson, Miss
Jackson, Tenn
Jacksonville, Ill
Jamaica, L I, N Y.
Jefferson City, Mo
Joliet, Ill
Joplin, Mo

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Kalispell, Mont
Kankakee, Ill
Kansas City, Mo (2)
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Kenosha, Wis
Keokuk, Iowa
Kewanee, Ill
Kingsport, Tenn.
Kingston, N Y
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Klamath Falls, Oregon
Kokomo, Ind.

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La Fayette, Ind.
Lafayette, La

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La Grange, Ill
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Larned, Kans.
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Lebanon, Pa
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Lewiston, Me
Lewistown, Mont
Lewistown, Pa
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Lexington, Mo
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Little Rock, Ark
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Ludington, Mich
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McCook, Neb
McKeesport, Pa.
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Manistee, Mich
Mankato, Minn
Mansfield, Ohio
Marietta, Ohio
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Marion, Ohio
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Martinsville, Va
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Marysville, Kans
Maryville, Mo
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